



**Department of Energy**  
Bonneville Power Administration  
P.O. Box 3621  
Portland, Oregon 97208-3621

ENVIRONMENT, FISH AND WILDLIFE

## DRAFT

In reply refer to: EWI-4

Dr. Brian Allee  
Columbia Basin Fish and Wildlife Authority  
2501 SW First Avenue, Suite 200  
Portland, OR 97201-4752

Mr. John Etchart, Chairman  
Northwest Power Planning Council  
851 SW Sixth Avenue, Suite 1100  
Portland, OR 97204

Gentlemen:

As part of the prioritization process, Bonneville has been asked to submit a statement of its program administration costs for Fiscal Year 1999 and a statement of those projects which it considers to be "non-discretionary." This letter responds to that request.

1. Total program and project support costs: Within the FY1999 budget, the sum of \$8,058,736 should be reserved for our total program and project support costs. Last year we requested that \$7,855,291 be reserved for this purpose.

At this time, most of these costs are preliminary estimates, and we are hopeful that we will be able to negotiate further reductions in several of the items. However, these are best estimates available for the budget process at this time. In the event that we are able to achieve reductions, the unexpended funds will be returned to the fish and wildlife program for reallocation to other purposes.

2. Comparison of FY1999 and FY1998 program costs: Excluding the budget for division staff, the total of the other program costs is down from last year, representing a decrease from an already relatively lean budget. Within this general group of costs, some categories are up slightly but these increases are more than offset by decreases in other categories. This is the result of our continuing effort to manage our costs carefully. As Bonneville continues to unbundle the billings for various internal costs, we have been able to identify exactly the level of service needed and adjust our requirements accordingly.

The number of FTE anticipated in the Fish and Wildlife Division remains unchanged from last year at 36 FTE. In previous years we have achieved reductions through attrition and voluntary separation incentives, and have not refilled those positions. However, we are now seeing substantial increases in workload relating to project management plans and other initiatives relating to the Moss Adams management review, additional Council directions regarding conditions for implementation of specific projects, and new ESA listings. As a result, we have chosen to fill several of the vacancies that occurred last year, and are unlikely to leave open vacancies that may occur during FY1999. Further reductions in staffing levels would likely lead to substantial delays in the processing of projects and the approval of payments.

The budget for the Fish and Wildlife Division itself is up approximately 9%. More than half of this increase is to cover anticipated federal cost of living increases and normal grade and step increases under the federal civil service system. It also reflects an increase in the cost of travel resulting from additional field trips, an anticipated increase in airfares, and direct billing for use of BPA aircraft, a cost that was previously included in the “agency loading” category.

Agency loading remains the other large cost category. This category contains the overhead charge applied by Bonneville to each of its business lines and other support activities. This charge includes space and telephone charges, personnel services, the activities of the contract and procurement group, and other administrative costs. In addition, for this year, this category is expected to cover the FY99 costs of implementing certain management systems and other improvements identified in the Moss-Adams review. Agency loading is determined after the end of the fiscal year, based on the actual costs accrued during that fiscal year. At this time, about 18 months before the actual determination of agency loading for FY1999, this is a conservative planning estimate of what those costs might be.

As in previous years, we expect to work closely with other groups within BPA to refine this estimate and to reduce costs. We will also be working closely with the Council on achieving the management improvements suggested by the Moss Adams review, some of which could result in costs savings. We will return these savings to the fish and wildlife budget. At the end of the last fiscal year, we were able to return over \$810,000 in savings to the region’s fish and wildlife program by reducing our costs from the levels originally anticipated.

<b>Program Support</b>	<b>FY1998</b>	<b>FY1999</b>
F&W Division salaries, travel	\$2,830,196	\$3,092,740
In-house contractors	336,094	337,996
Budget, computer, and communications support	623,367	590,000
<i>Sub-total Program Staff</i>	<i>\$3,789,657</i>	<i>\$4,020,736</i>
Legal services	350,000	360,000
Administrative support from EF&W group	100,200	105,000
Agency loading	3,000,000	3,000,000
<i>Sub-total BPA Overhead</i>	<i>\$3,450,200</i>	<i>\$3,465,000</i>
<b>PROGRAM SUPPORT TOTAL</b>	<b>\$7,239,857</b>	<b>\$7,485,736</b>

**3. Project Support Costs:** Project support costs are costs such as engineering, construction oversight, real estate appraisals, NEPA reviews, cultural resource assessments, and pollution prevention and abatement. These costs will vary depending on the nature of the projects chosen

for funding. Most of these costs are now included in the budgets estimated within the proposal submittals.

The following project support costs are being budgeted as part of the program and project support budget. As noted below, additional amounts will need to be added to the budgets for particular projects.

<b><u>Project Support</u></b>	<b><u>FY1998</u></b>	<b><u>FY1999</u></b>
Engineering	\$ 0	\$ 0
Construction	0	0
Real Estate	60,000	60,000
NEPA and NHPA	542,434	500,000
Pollution prevention and abatement	<u>13,000</u>	<u>13,000</u>
<i>PROJECT SUPPORT TOTAL</i>	<i>615,434</i>	<i>573,000</i>
<b>TOTAL PROGRAM AND PROJECT SUPPORT</b>	<b>\$7,855,291</b>	<b>\$8,058,736</b>

Consistent with the practice established last year regarding design and oversight of construction on major capital projects, each project involving design or construction will need to include as part of its proposed budget the funds necessary for the hiring of outside design, engineering, and construction oversight services.

The routine cost of real estate appraisals and assistance with processing and recording real estate transactions is expected to be a minor cost. \$60,000 is being budgeted for this purpose. If additional funds are required or extraordinary costs are incurred, they will need to be borne by the project involved or from such unallocated funds as may be available at that time.

For the work required to satisfy the National Environmental Policy Act (NEPA) and the National Historic Preservation Act (NHPA), we believe that it will be most cost-effective to retain a small core staff of specialists and hire outside contractors for additional assistance depending on the projects chosen for funding in FY1999. The \$500,000 listed above includes \$450,000 for the core staff, plus \$50,000 for contracted assistance on minor NHPA assessments. Within this base level of funding, we expect to be able to cover the typical NEPA and NHPA assessments on F&W projects.

However, additional contract work will likely be necessary to cover the NEPA and NHPA work required for certain major projects, particularly those not covered by the existing Program EIS's. These NEPA/NHPA costs are assumed to be included in the cost estimates on the project information forms for the respective projects since the project proponents were asked to include them on the project information form. Cost estimates for NEPA/NHPA analyses on any new project prioritized for funding in FY1999 will similarly need to be included within the total cost estimate for those new projects. The cost estimates for contracted assistance are in addition to the cost of maintaining the core staff of NEPA specialists.

It should be noted that these estimates for NEPA/NHPA costs are intended to be reasonable predictions, but are not firm costs. Depending on the issues involved and the specifics of the proposed action, and the nature of public comment received and issues raised in the course of the assessments, the cost for a particular project can either be much less or much more than the estimates offered here.

Pollution assessments are often required before land is purchased or transferred. The \$13,000 in this budget should be sufficient to cover the cost of several typical assessments. It is not sufficient to cover the cost of major remediation work. If such work is required, Bonneville may decline to purchase or transfer the property, the work may be paid for out of funds remaining in the project budget or from such unallocated funds as may be available at that time.

4. Non-discretionary projects: As a Federal agency, BPA has certain intrinsic governmental responsibilities that may not be transferred to other entities or voided. Chief among these is preservation of the Federal agency's ability to independently make decisions that commit fiscal and material federal resources. Other responsibilities are statutory or contractual and can only be modified if the governing statute or contract is changed. Implementation of such responsibilities is embodied in certain internal and external contracted activities that BPA has identified as "non-discretionary".

The 1996-2001 Memorandum of Agreement addresses total fish and wildlife expenditures under the Endangered Species Act and the Power Act's Fish and Wildlife Program. BPA recognized that existence of non-discretionary activities required administrative accommodation between non-discretionary and total expenditures. Since 1997 the existence of non-discretionary projects has been brought to the attention of the Council and CBFWA during formal Council sessions and in informal discussions with Council and CBFWA staff prior to completion of the annual prioritization process. The following projects are considered "non-discretionary" for FY1999.

Unless otherwise indicated below, Bonneville's intention is to provide a "reasonable" level of funding for each of these projects. The amount indicated is our best estimate of what this level of funding would be in FY1999. Comments and recommendations about what constitutes a reasonable level of funding for that particular activity will be considered, but no reductions in these amounts should be assumed in the FY1999 budget unless the reductions are confirmed in writing by us.

<b>Resident Fish</b>		
Project 91-046-00	Spokane Tribal Hatchery (Galbraith Springs) O&M	\$ 453,000
Project 91-047-00	Sherman Creek Hatchery O&M	319,486
Project 85-038-00	Colville Tribal Hatchery O&M	360,426
<b>Resident Fish TOTAL</b>		<b>1,132,912</b>

<b>Wildlife</b>		
Project 93-058-00	Washington Coalition Wildlife Mitigation Agreement	\$3,130,100
Project 96-080-00	Nez Perce MOA - NE Oregon Wildlife O&M	227,734
<b>Wildlife TOTAL</b>		<b>3,357,834</b>
<b>Anadromous Fish</b>		
Project 89-027-00	Power/Repay O&M for US BOR Pumping Project	500,000
	<b>Direct PATH Support:</b>	
Project 93-037-01	Technical Assistance with Life Cycle Modeling - Paulsen Environmental Research (Charles Paulsen)	175,000
Project 96-017-00	Provide Technical Support in the Plan for Analyzing and Testing Hypotheses - BioAnalysts Inc. (Albert Giorgi)	108,887
Project 98-001-00	Analytical Support-PATH and ESA Biological Assessments - Hinrichsen Environmental Services (Richard Hinrichsen)	119,900
Project 97-002-00	PATH - UW Technical Support - UW (James Anderson)	302,289
Project 98-006-00	Technical Support to PATH - James J. Anderson Consulting (James Anderson)	50,000
<i>Direct PATH Support TOTAL</i>		<i>756,076</i>
	<b>ESA, In-Season &amp; Independent Decision Making, Indirect PATH Support:</b>	
Project 89-108-00	Monitoring and Evaluation Modeling Support - UW (formerly the CRiSP Project) Note: Costs related to maintenance, operations and services of Second-Tier Database are moved to Project 96-019-00.	344,846
Project 91-051-00	Monitoring and Evaluation Statistical Support for Life-Cycle Studies - UW (John Skalski) Note: Costs related to maintenance, operations and services of Second-Tier Database are moved to Project 96-019-00.	320,000
Project 89-107-00	Statistical Support for Salmonid Survival Studies - UW (John Skalski)	180,000
Project 96-019-00	Second-Tier Database Support for Ecosystem Focus - BPA	195,000

<i>ESA/ Decision/Indirect PATH Support TOTAL</i>		<i>1,039,846</i>
Project 97-010-00	PIT Tag System Transition - BPA	800,000
<b>TOTAL NON- DISCRETIONARY</b>		<b>\$7,586,668</b>

Funding for operations and maintenance at the three resident fish hatcheries is considered non-discretionary because of pre-existing contracts requiring reasonable operations and maintenance funding.

The Washington Wildlife Agreement commits Bonneville to specified payments over a period of years. The amount indicated is the payment due this year. For the Northeast Oregon Wildlife Project, the stream of payments for operations and maintenance through FY2001 was an integral part of the agreement and was subject to extensive review at that time. Operations and maintenance expenses after FY2001 will be subject to annual prioritization. The amount indicated above is the payment due in FY1999.

The pumping project pays Pacific Power & Light and the Umatilla Electric Co-op for the pumping costs for delivering water to the Umatilla River from the Columbia River to support the irrigation water exchange established by the Umatilla Basin project. The congressional authorization for the Umatilla Basin project requires BPA to provide payment for these pumping costs each year.

The anadromous fish projects are primarily PATH, ESA or ESA-related activities. These projects provide analytical capabilities and analyses needed for fish mitigation and fish impact assessments required of BPA and other federal agencies for compliance with ESA, NEPA, and the NW Power Act. The projects provide critical information needed to help focus mitigation efforts to achieve positive fish recovery results with efficient use of limited mitigation funds on both a real-time and planning horizon basis. Much of this work is currently both direct and indirect support for PATH, ESA Biological Assessments and consultations, and In-Season management decisions. In our view, BPA needs and uses the support provided by these projects to accountably perform certain intrinsic governmental responsibilities that may not be transferred to other entities or voided. Chief among these is preservation of the Federal agency's ability to independently make decisions related to operations of the hydrosystem and commitment of fiscal and material federal resources for fish and wildlife mitigation programs. A more detailed description of these projects and their FY1998 funding history is included as Enclosure A to this letter.

In preparing this list of non-discretionary projects, we have not attempted to anticipate what NMFS will designate as requirements of its 1995 Biological Opinion and its 1998 supplement. We anticipate that, as in past years, NMFS staff will participate actively in the prioritization process and will make known in that process those measures that are considered ripe for implementation in that fiscal year.

Thank you for your assistance in selecting the projects for FY1999. Please feel free to call if we can provide any further information.

Sincerely,

D. Robert Lohn  
Director, Fish and Wildlife

Enclosures